GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:904
ANSWERED ON:01.03.2016
Appraisal System for PSUs
Radhakrishnan Shri T.

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether the Government has worked out a new appraisal system whereby the performance of State run Maharatna companies will be compared with their global equivalents, if so, the details thereof and the objective therefor;

(b) whether any Memorandum of Understanding has been signed between the Government and Central Public Sector Enterprises on the capacity utilization and leveraging net worth against only profitability parameters and if so, the details thereof;

(c) whether PSUs which failed to meet their respective targets will have to shell out special dividends to the Government and if so, the details thereof;

(d) whether the Government's attention is drawn to Public Enterprises Survey 2013-14 which pointed out that 185 projects of CPSE costing Rs.500 crore and above were delayed due to structural issues affecting their efficiencies and if so, the details thereof; and

(e) the corrective steps taken by the Government to resolve the structural issues to optimize the efficiencies of CPSEs in the country ?

Answer

THE MINISTER OF STATE OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
(Shri G.M Siddeshwara)

(a) The purpose of granting Maharatna / Navratna status to CPSEs is to turn them in to global giants. The MoU system involves goal setting and performance evaluation for a financial year for CPSEs. MoU Guidelines 2016-17 stipulate efficiency parameters (Physical operation) with weightage of 10 out of 100 which include sector specific result oriented measurable efficiency parameter against Benchmarks.

(b) The concerned administrative Ministries signs MoU with the CPSEs under their control on various parameters as per the guidelines issued by DPE from time to time. The MoU targets are negotiated by the Task Force which is a neutral and independent body of experts. The CPSEs have signed Memorandum of Understanding for the year 2015-16. These have weightage for different financial parameters from 40 to 50 and non-financial parameters from 50 to 60. There are a wide range of parameters which are not limited to capacity utilization and profitability parameters.

(c) No Madam.

(d) & (e) The action to ascertain and resolve structural issues so as to optimize the efficiencies of CPSEs are to be taken by the concerned Board of the CPSEs and their administrative Ministries/departments.